

IN THE MATTER OF FACTFINDING

BETWEEN )  
)  
CENTERVILLE IOWA, )  
) HUGH J. PERRY, FACTFINDER  
PUBLIC EMPLOYER, )  
AND )  
) Recommendations issued:  
PPME LOCAL 2003, ) March 24, 2004  
)  
EMPLOYEE ORGANIZATION. )

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PUBLIC EMPLOYMENT  
RELATIONS ACT

APPEARANCES:

FOR CITY OF CENTERVILLE:  
Debra A. George, City Attorney

FOR PPME LOCAL 2003:  
Randy Schultz, Business Representative

BACKGROUND

PPME represents a bargaining unit comprised of 9 employees of the City of Centerville, Iowa who work in the street and sewer departments. The parties have been bargaining collectively since 1979. They are concluding a 1 year agreement. They have infrequently engaged Factfinding and Arbitration to resolve their differences. Last year they utilized Factfinding and Arbitration to complete the bargaining process. The parties have resolved all impasse issues with the exception of **Hours of Work, Holidays, Insurance and Wages**. They engage statutory factfinding to complete their contract. Impasse time lines have been extended until May 15, 2004 to allow for completion of the process. A hearing was held on March 9, 2004 at the City Hall in Centerville. Following the presentation of testimony, exhibits and arguments, the hearing was closed on that date. In making the recommendations which follow, I have considered the criteria set forth in section 20.22(9) of the Public Employment Relations Act.

IMPASSE ISSUES

The issues for recommendation are **Hours of Work, Holidays, Insurance and Wages**.

## CURRENT CONTRACT

**Hours of Work.** The Hours Article provides for, among other things, a forty hour work week. Section 3 states that "The job classification of the humane officer will work a daily and weekly work schedule approved by the Employer. The total number of hours scheduled annually for the job classification of the humane officer will be 2,080 hours, more or less". This is the language at issue.

**Holidays.** The contract provides for 9 scheduled holidays as follows: New Year's Day, Christmas Day, Memorial Day and Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, and one (1) floating holiday of the employee's choice. (In addition to scheduled holidays, the contract provides for two (2) days of personal leave per year in the Leaves of Absence Article.)

**Insurance.** The contract provides for health insurance, PPO Plan A and PPO Plan B. Employees taking Plan A pay \$45.00 per month for single coverage. Employees taking Plan B pay \$25.00 per month for single coverage. The City pays the balance of the premiums. Annual deductibles under the single plan are \$300.00 and maximum out of pocket under the single plan is \$1,250.00. Employees taking family insurance pay \$100.00 per month for Plan A or \$55.00 per month for plan B in addition to what they pay for single insurance coverage. The City pays the balance of the premium. Annual family deductibles are \$600.00 and maximum out of pocket for those taking family insurance is \$2,500.00. The City also provides a \$15,000.00 life insurance policy and single dental insurance at no cost to the employees.

**Wages.** The contract provides for a wage schedule, Exhibit "A". The wages run from \$11.09 per hour for a beginning maintenance worker to top pay of \$14.57 per hour for the chief mechanic. The job classifications are Maintenance, Working Foreman, Waste Water Operator, Mechanic and Chief Mechanic. The schedule provides for 2 annual steps to top pay for each classification. The benchmark wage for the unit is \$13.14 per hour.

## POSITIONS OF THE PARTIES

### Comparability Groups

The Union advances a comparability group comprised of the Iowa cities of Bloomfield, Albia, Osceola, Creston, Knoxville and Oskaloosa. These communities are county seats, have bargaining units with similar employees and are within a relatively close geographic area, sharing similar

economic influences. The Union notes that this group was used last year in factfinding and arbitration without objection from the City.

The City uses the cities of Bloomfield, Leon, Chariton, Lamoni and Corydon for comparison purposes as well as Appanoose County. Centerville is the Appanoose County seat. The City questions the Union's comparability group and urges that Centerville shares more of a community of interest with its group.

### **Hours of Work**

The Union proposes that the hours of work language as it pertains to the humane officer remain in the contract. In support of its position the Union notes that last year it agreed to remove a reference to overtime for a humane officer in bargaining last year, assuming that it was because no one was employed in that position. Reference to the Humane Officer is not currently in the wage schedule. However, the City has since left a maintenance equipment position vacant and has utilized an individual hired part time as the humane officer to help in clearing snow. In such capacity he functions as a maintenance machine operator performing bargaining unit work. The Union contends that this could be the City's underlying reason to eliminate any language from the hours provision referring to the humane officer. The Union indicates that it has no interest in assisting in downsizing of this bargaining unit and requests that there be no change in the Hours of Work.

The City proposes that the language of Section 3 of the Hours of Work article "The job classification of humane officer will work a daily and weekly work schedule approved by the Employer. The total number of hours scheduled annually for the job classification of humane officer will be 2,080 hours, more or less" be eliminated from the contract. The City urges that the humane officer is currently a part time position and has not been part of the street department operation for several years.

### **Holidays**

The Union asks that Good Friday be added as an additional holiday for these employees. It contends that these employees have 9 scheduled holidays while the average in its comparability grouping is 10. Five out of six of the comparable cities provide more holidays than Centerville. It would be equitable for these employees to have an additional holiday.

The City resists the addition of an additional holiday for these employees. It notes that the cost of adding a paid holiday to the contract would be \$1,144.90. It contends that the City's finances are tight and that adding an additional benefit this year would not be financially reasonable.

## Insurance

The **Union** proposes that the current insurance plan and language remain as in the current contract except that the following language be added: *EARLY RETIREMENT INSURANCE If an employee has completed twenty (20) years of full time employment for the City of Centerville and attained fifty-five (55) years of age as of the date of retirement, the City shall pay an amount equal to fifty percent (50%) of the cost of the insurance premium of the City's group medical and dental plan for a retiree until the retiree attains sixty-five (65) years of age or is otherwise eligible for Medicare, whichever is first to occur. The retiree can elect family coverage upon payment of the balance of the total insurance premium.* The Union urges that this is a benefit enjoyed by other city employees and should be available to members of this bargaining unit.

The Union argues that the City is attempting to rewrite the entire Insurance provision and that in addition to major changes proposed for coverage and premiums, the City seeks to modify language governing future terms of the medical and dental policies so that the City could then make changes without conferring with the Union. The Union states that the City seeks to eliminate life insurance for the employees. The Union points out that self insurance plans require pro-active management and that some of the current insurance problems are due in part to mismanagement of the fund. The Union notes that it allowed the reopening of Insurance in 2001 and agreed to a side letter changing insurance provisions for the last 2½ years of the bargaining agreement increasing deductibles and coinsurance. The Union notes that the City's proposal would subject these employees to significantly greater premium and out of pocket costs.

The **City** proposes a change of insurance to plan C which provides for \$1,000.00 maximum annual deductibles for single insurance, \$2,000.00 for family insurance, out of pocket annual maximums of \$2,000.00 for single insurance and \$4,000.00 for family insurance. Additionally, employees would be required to pay 13.5% of the single insurance premium which currently would amount to \$54.50/month and 19.6% of the family coverage which would be \$175.00/month. The City also proposes that the following language be added to the insurance article: *Any decisions as to the terms of the policy or as to the carrier shall be made by the Employer, and shall not be grievable.* The City contends that the continually escalating cost of health insurance must be addressed and that its proposal will serve to accomplish cost containment. The City notes that other City employees have made midyear insurance changes to maintain self funded status. Benefits were reduced and premiums were increased to avoid a deficit in the self funded insurance trust fund.

## Wages

The **Union** proposes that these employees wages be increased by \$.43/hour which represents a 3.25% increase on the benchmark wage of \$13.14/hour. The Union advanced data suggesting that

these employees are compensated some 11-14% below average in among employees in the other cities cited by the Union. The Union points out that employees in the City's other bargaining unit, the Police and Fire, are scheduled to receive a \$.43 wage increase July 1<sup>st</sup>, 2004. The Union representative contended that although the City claimed during bargaining that it did not have the ability to fund a wage increase for these employees, it provided no hard data to support such a position. Data provided for settlements in the other cities indicated wage settlements of from 2.4% in Oskaloosa to 4.6% in Albia. The average settlement is 3.23%. The Union contends that the City's offer of a wage freeze would cause these employees to fall further behind. The Union points out that the City has reduced the size of this unit by one employee, thereby saving some \$26,582.00. It projects the cost of its wage proposal at \$8,050.00. It notes that Centerville's tax valuation is comparable to other similar sized cities in its comparability group and that its tax levy ranks in the middle of the group.

The City proposes that these employees receive no wage increase this bargaining year. It notes that the non union employees in the City have agreed to wage freezes. Further, the Police and Fire employees have agreed to forgo the bargained for \$.43/hour wage increase in exchange for the City agreement not to further layoff employees. (Three full time positions in police and fire have already been eliminated.) The City contends that it is in a difficult financial situation. Its tax base is limited. It has increased its tax levy to \$16.04 but a higher levy makes it more difficult to attract business to the community. A substantial portion of its business district is in TIF which denies the general fund potential tax revenues. The City points out that its per capita income is among the lowest in the state with nearly one third of its citizens on fixed income. It notes that it is looking at a major repair in the sewer system (a digester repair projected to cost \$500,000.00). All of these factors support its position to freeze these employees wages this year.

## DISCUSSION

**Hours of Work** - The humane officer is no longer part of this bargaining unit. It seems reasonable to eliminate reference to this position in the hours language. Adequate remedies are available to the Union to address any effort by the City to circumvent the contract by having non bargaining unit employees perform bargaining unit work. I recommend that Section 3 be eliminated from the Hours of Work Provision.

**Holidays** - It is not clear whether the other cities to which the Union compares Centerville provide for personal days. Employees here enjoy 2 per year. Holidays are a benefit particularly susceptible to the give and take of bargaining. I find no compelling reason to add a holiday here and recommend no change in the Holiday provision.

**Insurance** - The City is seeking substantial and fundamental changes in the health insurance provision. Not only does it seek higher deductibles, coinsurance and employee premium contributions, it seeks to eliminate its requirement to bargain future insurance changes. The Union is justifiably resistant to such a proposal. The data suggests that these employees have in the past demonstrated a willingness to make necessary changes in their health insurance. I am confident that they will consider reasonable requests for changes in the future. This history suggests that it would be inappropriate for a neutral to impose major changes in the insurance benefit upon them. I don't recommend changes in the health insurance provision. I also decline to recommend that the language sought by the Union to accommodate early retirees. This sought after language lends itself well to bargaining between the parties, each having something to gain with respect to the insurance language and benefits provided.

**Wages** - The data suggests that these employees are paid somewhat beneath their counterparts in comparable communities. (It is somewhat troublesome that the parties are in disagreement over an appropriate comparability group. I am somewhat more inclined toward the Union grouping. It includes area county seat communities who have similar bargaining units and this group was utilized and accepted by the parties last year.) A wage freeze would cause these employees to fall further behind. The City argues that it is in no financial position to fund any wage increase. The Union points out that by reducing the size of the bargaining unit the City has saved itself more than enough to cover any wage increase. Other comparable communities, presumably faced with similar economic conditions, have managed to provide their employees with wage increases. The average appears to be around 3%. I am persuaded that the City can make a wage adjustment here without being required to reduce essential services. I recommend a \$.38/hour wage increase for these employees.

### RECOMMENDATIONS

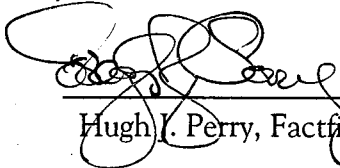
**Hours of Work** - Eliminate Section 3 (Humane Officer)

**Holiday** - No Change

**Insurance** - No Change

**Wages** - \$.38/hour increase effective July 1, 2004

Signed this 24<sup>th</sup> day of March, 2004



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Hugh J. Perry, Factfinder

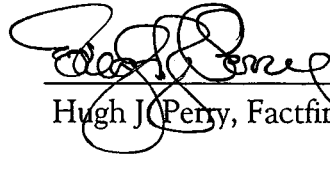
## CERTIFICATE OF SERVICE

I certify that on the 24<sup>th</sup> day of March, 2004, I served the foregoing Recommendations of Factfinder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Debra A. George  
Attorney At Law  
121 North 13<sup>th</sup> Street  
Centerville, Iowa 52544

Randy Schultz  
PPME Local 2003  
719 West Jackson Street  
Sigourney, Iowa 52591

I further certify that on the 24<sup>th</sup> day of March, 2004, I will submit this report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust Street, Suite 202, Des Moines, IA 50309.

  
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Hugh J. Perry, Factfinder

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